

Mr. Kermit Gordon
Council of Economic Advisors

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Evan Clague, Commissioner
Bureau of Labor Statistics

Report on prices and consumer buying.

Spot Market Prices

The continued slow climb in prices of raw industrials previously noted appears now to have ended, and spot market prices as a whole have stabilized at a point only moderately above their October 22 level (81.1 on November 3 vs. 80.5 on October 22 on 1947-49 base). The index for food-stuffs, at 74.1, is now 0.4 points lower than on October 22; and the index for raw industrials, at 66.3, is 1.4 points higher.

Imported Commodities

Copra prices dropped back this week to their October 9 level. Sugar and pepper prices are lower than before the Cuban emergency. However most of the rise in prices of burlap, crude rubber, and tin has stuck so far.

Retail Food Prices

A report on the results of our special survey of retail food prices on October 29-31 is attached. It shows that food price movements between mid-October and the end of the month were somewhat divergent, owing to a variety of special situations. It indicates that the emergency had no significant effect on food prices. As you already know, our regular collection of food price data for the November C.P.I. was conducted this week.

Consumer Buying

Additional reports from our field staff during the past week have shown no unusual consumer buying developments.

Discontinuance of Reports

With your agreement, we propose to discontinue immediately all of the special reports which we instituted with the emergency, except acceleration of availability of the daily spot market index. We hope that the latter also can be discontinued in the near future.

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Food Price Developments, Mid-September to Mid-October
and End of October 1962

Food prices dropped by a more-than-seasonal 0.9 percent between mid-September and mid-October 1962, but then rose 0.3 percent counter-seasonally by the last week in October, after the Cuban emergency developed. These are the results of a special survey covering only chain stores and supermarkets in eight cities.^{1/} The decline from mid-September to mid-October was led by a 2.4 drop in prices of meat which had gone up sharply in September because of the withholding of livestock from markets sponsored by the National Farmers Organization. However, prices of cereals and bakery products also averaged lower in mid-October, primarily because of substantial reduction in bread prices in one large chain store in the Chicago area. On the other hand, fruit and vegetable prices rose in a few cities, especially San Francisco, with higher prices for oranges reflecting an end-of-season scarcity of California oranges.

The latter factor also was an important contribution to the advance in average food prices between mid-October and the end of the month. The increase in orange prices, together with higher prices for potatoes, tomatoes and some other items caused fruits and vegetables to advance in price by an average of 2.4 percent for the eight cities. Our reports do not indicate any unusual advance in prices of canned goods.

Meat prices advanced in several cities during the last half of October, but averaged unchanged for the eight cities largely because of substantially lower sale prices of frankfurters in Chicago. A decline in meat prices usually occurs between October and November. Prices of cereals and bakery products were up significantly from mid-October to the end of the month, as a result of rather substantial increases in bread prices in New York and San Francisco. Higher production costs were given as the reason for the advance in San Francisco.

^{1/} Boston, New York, Chicago, San Francisco, Atlanta, Canton, O., Huntington, W. Va., and Shenandoah, Iowa.

Not for Publication

Retail Prices of Food for Home Consumption
Percentage Changes, Mid-September to
Mid-October to End of October 1962

(Based on prices in only chain stores and
supermarkets in 8 selected cities)

| City Weighted Average | Total Food at Home | Cereals and Bakery Products | Meats, Poultry and Fish | Dairy Products | Fruits & Vege- tables | Other Foods |
|-----------------------|-----------------------------|--------------------------------------|----------------------------------|-------------------|-----------------------------|----------------|
| Mid-Sept. to Mid-Oct. | - 0.9 | - 1.1 | - 2.4 | + 0.6 | - 0.3 | - 0.2 |
| Mid-Oct. to late-Oct. | + 0.3 | + 1.5 | 0 | - 0.9 | + 2.4 | - 0.9 |
| Chicago | - 1.8 | - 6.6 | - 3.2 | + 0.4 | - 1.5 | 0 |
| | - 0.3 | + 0.1 | 2.6 | - 0.1 | + 4.0 | - 0.6 |
| New York | - 1.1 | - 0.6 | - 3.3 | + 0.7 | + 0.5 | - 1.0 |
| | + 0.9 | + 3.4 | + 1.3 | - 2.1 | + 3.9 | - 1.9 |
| San Francisco | + 0.1 | - 0.2 | - 0.1 | + 0.9 | + 3.1 | - 1.7 |
| | + 1.6 | + 3.4 | + 1.4 | + 0.2 | + 2.0 | + 1.9 |
| Atlanta | - 0.5 | + 1.0 | - 2.5 | + 0.8 | - 1.6 | + 1.3 |
| | - 0.3 | 0 | + 0.6 | 0 | - 1.2 | - 1.3 |
| Canton, O. | - 0.4 | 0 | - 0.6 | + 0.3 | - 1.9 | + 0.3 |
| | - 1.0 | - 1.1 | - 0.5 | - 0.2 | - 2.3 | - 1.1 |
| Huntington, W. Va. | - 1.0 | - 1.1 | - 1.6 | - 0.1 | + 3.4 | + 1.3 |
| | - 0.5 | - 0.6 | - 1.1 | + 0.2 | + 0.5 | - 1.1 |
| Shenandoah, Ia. | + 1.0 | + 2.2 | - 1.6 | - 0.7 | + 3.6 | + 2.7 |
| | - 0.9 | + 1.3 | - 2.6 | + 0.6 | - 0.8 | - 1.3 |
| Boston | - 0.2 | 0 | + 1.6 | + 0.4 | - 2.5 | - 1.5 |
| | + 1.4 | + 0.4 | + 0.5 | - 0.1 | + 6.1 | + 0.9 |

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